SENATE TAXATION
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The report, authored by Ohio University economist Richard Vedder, offers more resounding evidence that the income tax, more than any other form of taxation, has a detrimental effect on economic growth and Americans' overall financial well-being.

"The income tax is the champion of bad taxes, in terms of its destructive effect on people, prosperity, and their economic well-being," according to Vedder.

To demonstrate the negative effect of income taxes on economic opportunity, the study takes a 40-year look at the personal incomes of citizens living in high- and low-tax states. The results show that the lower a state's tax burden, the higher the rate of personal income growth for its citizens. Between 1957 and 1997, real personal income growth was more than twice as high in the states that did not raise their income taxes (or increased them only minimally), compared to states with the biggest increases in income taxes.

The report also uses state comparisons to illustrate the impact of taxes on economic growth. For example, while Kentucky and Tennessee are alike in many respects, these neighboring states have contrasting economies because they have taken different fiscal paths over the past 40 years. While Kentucky implemented massive hikes in its income tax between 1957 and 1999, Tennessee never even adopted an income tax. As a result, by 1997, Kentucky's overall tax burden was 25 percent higher than Tennessee's. On average, a family of four in Tennessee earned $703 more per month than its counterpart in Kentucky.